UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 8-K

Current Report
Pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934

Date of Report: April 28, 2025

Two Harbors Investment Corp.
(Exact name of registrant as specified in its charter)

Maryland	**001-34506**	**27-0312904**
(State or other jurisdiction of incorporation or organization)	(Commission File Number)	(I.R.S. Employer Identification No.)
1601 Utica Avenue South, Suite 900	**St. Louis Park, MN**	**55416**
(Address of Principal Executive Offices)		(Zip Code)

(612) 453-4100
Registrant's telephone number, including area code

(Former name or former address, if changed since last report)

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions:

☐ Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)

☐ Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)

☐ Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))

☐ Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))

Securities Registered Pursuant to Section 12(b) of the Act:

Title of Each Class:	Trading Symbol(s)	Name of Exchange on Which Registered:
Common Stock, par value $0.01 per share	TWO	New York Stock Exchange
8.125% Series A Cumulative Redeemable Preferred Stock	TWO PRA	New York Stock Exchange
7.625% Series B Cumulative Redeemable Preferred Stock	TWO PRB	New York Stock Exchange
7.25% Series C Cumulative Redeemable Preferred Stock	TWO PRC	New York Stock Exchange

Indicate by check mark whether the registrant is an emerging growth company as defined in Rule 405 of the Securities Act of 1933 (17 CFR §230.405) or Rule 12b-2 of the Securities Exchange Act of 1934 (17 CFR §240.12b-2).

Emerging Growth Company ☐

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act.

☐

Item 2.02 Results of Operations and Financial Condition.

On April 28, 2025, Two Harbors Investment Corp. issued a press release announcing its financial results for the fiscal quarter ended March 31, 2025. A copy of the press release and the 2025 First Quarter Earnings Call Presentation are attached hereto as Exhibits 99.1 and 99.2, respectively, and are incorporated herein by reference.

The information in Item 2.02 of this Current Report, including Exhibits 99.1 and 99.2 attached hereto, is furnished pursuant to Item 2.02 of Form 8-K and shall not be deemed to be “filed” for any other purpose, including for purposes of Section 18 of the Securities Exchange Act of 1934, as amended, or otherwise subject to the liabilities of that Section. The information in Item 2.02 of this Current Report, including Exhibits 99.1 and 99.2, shall not be deemed incorporated by reference into any filing of the registrant under the Securities Act of 1933 or the Exchange Act, whether made before or after the date hereof, regardless of any general incorporation language in such filings (unless the registrant specifically states that the information or exhibit in this Item 2.02 is incorporated by reference).

Item 9.01 Financial Statements and Exhibits.

(d) Exhibits.

Exhibit No.	Description
99.1	Press Release of Two Harbors Investment Corp., dated April 28, 2025.
99.2	2025 First Quarter Earnings Call Presentation.
104	Cover Page Interactive Data File, formatted in Inline XBRL.

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned hereunto duly authorized.

TWO HARBORS INVESTMENT CORP.

By: /s/ REBECCA B. SANDBERG
Rebecca B. Sandberg
Chief Legal Officer and Secretary

Date: April 28, 2025

TWO Reports First Quarter 2025 Financial Results

Positive Returns Across the Portfolio Drive Quarterly Results

NEW YORK, April 28, 2025 - TWO (Two Harbors Investment Corp., NYSE: TWO), an MSR-focused real estate investment trust (REIT), today announced its financial results for the quarter ended March 31, 2025.

Quarterly Summary

- Reported book value of $14.66 per common share, and declared a first quarter common stock dividend of $0.45 per share, representing a 4.4% quarterly economic return on book value.(1)
- Generated Comprehensive Income of $64.9 million, or $0.62 per weighted average basic common share.
- Settled $174.9 million in unpaid principal balance (UPB) of MSR through flow-sale acquisitions and recapture. Post quarter-end, committed to purchase $1.7 billion UPB of MSR through two bulk acquisitions.
- As of March 31, 2025, MSR portfolio had a weighted average gross coupon rate of 3.46% and a 60+ day delinquency rate of 0.85%, compared to 0.69% as of December 31, 2024. For the first quarter of 2025, MSR portfolio experienced a 3-month CPR of 4.2%, compared to 3.9% for the first quarter of 2024.
- Funded $28.9 million UPB in first lien loans and brokered $36.1 million UPB in second lien loans.

“We delivered a strong first quarter, with both our securities and MSR contributing to positive performance,” said Bill Greenberg, TWO’s President and Chief Executive Officer. “These results are a testament to our thoughtful and intentional portfolio construction with MSR at its core, which is designed to deliver attractive risk-adjusted returns across a variety of market environments. Moreover, our mortgage operating company, RoundPoint, provides additional benefits to our shareholders and allows us to impact our results through our own actions in ways that portfolios without operating platforms cannot. I’m very excited about the opportunities ahead for TWO.”

“Given the uncertain macroeconomic environment that we are currently in, we are focused on keeping our risk exposures low,” stated Nick Letica, TWO’s Chief Investment Officer. “You can see evidence of this in various dimensions across our portfolio at quarter-end, including lower notional mortgage exposure and lower spread exposure. We are also maintaining high levels of excess liquidity, even as the funding markets have remained liquid and well supported. But from dislocation, there is also opportunity. Agency RMBS spreads have widened in response to the pickup in volatility, increasing the levered returns available on that asset, while the low weighted average coupon rate of our MSR should continue to generate stable cashflows.”

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(1) Economic return on book value is defined as the increase (decrease) in common book value from the beginning to the end of the given period, plus dividends declared to common stockholders in the period, divided by common book value as of the beginning of the period.

Operating Performance

The following table summarizes the company's GAAP and non-GAAP earnings measurements and key metrics for the first quarter of 2025 and fourth quarter of 2024:

Operating Performance (unaudited)

(dollars in thousands, except per common share data)

	Three Months Ended March 31, 2025			Three Months Ended December 31, 2024		
Earnings attributable to common stockholders	**Earnings**	**Per weighted average basic common share**	**Annualized return on average common equity**	**Earnings**	**Per weighted average basic common share**	**Annualized return on average common equity**
Comprehensive Income (Loss)	$ 64,931	$ 0.62	16.8 %	$ (1,620)	$ (0.03)	(0.4)%
GAAP Net (Loss) Income	$ (92,241)	$ (0.89)	(23.8)%	$ 264,945	$ 2.54	70.6 %
Earnings Available for Distribution[1]	$ 25,092	$ 0.24	6.5 %	$ 21,181	$ 0.20	5.6 %
Operating Metrics						
Dividend per common share	$ 0.45			$ 0.45		
Annualized dividend yield[2]	13.5 %			15.2 %		
Book value per common share at period end	$ 14.66			$ 14.47		
Economic return on book value[3]	4.4 %			— %		
Operating expenses, excluding non-cash LTIP amortization and certain operating expenses[4]	$ 40,465			$ 39,236		
Operating expenses, excluding non-cash LTIP amortization and certain operating expenses, as a percentage of average equity[4]	7.5 %			7.4 %		

(1) Earnings Available for Distribution, or EAD, is a non-GAAP measure. Please see page 11 for a definition of EAD and a reconciliation of GAAP to non-GAAP financial information.

(2) Dividend yield is calculated based on annualizing the dividends declared in the given period, divided by the closing share price as of the end of the period.

(3) Economic return on book value is defined as the increase (decrease) in common book value from the beginning to the end of the given period, plus dividends declared to common stockholders in the period, divided by the common book value as of the beginning of the period.

(4) Excludes non-cash equity compensation expense of $6.5 million for the first quarter of 2025 and $1.6 million for the fourth quarter of 2024 and certain operating expenses of $106 thousand for the first quarter of 2025 and $39 thousand for the fourth quarter of 2024. Certain operating expenses predominantly consists of expenses incurred in connection with the company's ongoing litigation with PRCM Advisers LLC.

Portfolio Summary

As of March 31, 2025, the company's portfolio was comprised of $11.6 billion of Agency RMBS, MSR and other investment securities as well as their associated notional debt hedges. Additionally, the company held $3.0 billion bond equivalent value of net long to-be-announced securities (TBAs).

The following tables summarize the company's investment portfolio as of March 31, 2025 and December 31, 2024:

Investment Portfolio
(dollars in thousands)

Portfolio Composition	As of March 31, 2025		As of December 31, 2024	
	(unaudited)		(unaudited)	
Agency RMBS	$ 8,627,708	74.4 %	$ 7,376,965	71.1 %
Mortgage servicing rights[(1)]	2,959,773	25.6 %	2,994,271	28.9 %
Other	3,613	— %	3,734	— %
Aggregate Portfolio	11,591,094		10,374,970	
Net TBA position[(2)]	3,001,064		4,468,904	
Total Portfolio	$ 14,592,158		$ 14,843,874	

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(1) Based on the prior month-end's principal balance of the loans underlying the company's MSR, increased for current month purchases.
(2) Represents bond equivalent value of TBA position. Bond equivalent value is defined as notional amount multiplied by market price. Accounted for as derivative instruments in accordance with GAAP.

Portfolio Metrics Specific to Agency RMBS	As of March 31, 2025	As of December 31, 2024
	(unaudited)	(unaudited)
Weighted average cost basis[(1)]	$ 101.50	$ 101.17
Weighted average experienced three-month CPR	7.0 %	7.5 %
Gross weighted average coupon rate	6.1 %	5.7 %
Weighted average loan age (months)	28	36

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(1) Weighted average cost basis includes Agency principal and interest RMBS only and utilizes carrying value for weighting purposes.

Portfolio Metrics Specific to MSR[(1)]	As of March 31, 2025	As of December 31, 2024
(dollars in thousands)	(unaudited)	(unaudited)
Unpaid principal balance	$ 196,773,345	$ 200,317,008
Gross coupon rate	3.5 %	3.5 %
Current loan size	$ 330	$ 331
Original FICO[(2)]	760	760
Original LTV	72 %	72 %
60+ day delinquencies	0.8 %	0.9 %
Net servicing fee	25.3 basis points	25.3 basis points
	Three Months Ended March 31, 2025	**Three Months Ended December 31, 2024**
	(unaudited)	(unaudited)
Fair value (losses) gains	$ (36,221)	$ 82,520
Servicing income	$ 146,870	$ 157,475
Servicing costs	$ 3,302	$ 3,965
Change in servicing reserves	$ (105)	$ 610

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(1) Metrics exclude residential mortgage loans in securitization trusts for which the company is the named servicing administrator. Portfolio metrics, other than UPB, represent averages weighted by UPB.
(2) FICO represents a mortgage industry accepted credit score of a borrower.

Other Investments and Risk Management Metrics		As of March 31, 2025		As of December 31, 2024
(dollars in thousands)		(unaudited)		(unaudited)
Net long TBA notional[1]	$	3,070,552	$	4,497,800
Futures notional	$	(2,930,590)	$	(3,973,400)
Interest rate swaps notional	$	14,755,568	$	16,594,467

(1) Accounted for as derivative instruments in accordance with GAAP.

Financing Summary

The following tables summarize the company's financing metrics and outstanding repurchase agreements, revolving credit facilities, warehouse facilities and convertible senior notes as of March 31, 2025 and December 31, 2024:

March 31, 2025		Balance	Weighted Average Borrowing Rate	Weighted Average Months to Maturity	Number of Distinct Counterparties
(dollars in thousands, unaudited)					
Repurchase agreements collateralized by securities	$	8,970,830	4.50 %	2.23	18
Repurchase agreements collateralized by MSR		770,000	7.38 %	13.88	3
Total repurchase agreements		9,740,830	4.73 %	3.16	19
Revolving credit facilities collateralized by MSR and related servicing advance obligations		933,171	7.45 %	15.91	3
Warehouse facilities collateralized by mortgage loans		7,971	6.36 %	2.50	1
Unsecured convertible senior notes		260,591	6.25 %	9.53	n/a
Total borrowings	$	10,942,563			

December 31, 2024		Balance	Weighted Average Borrowing Rate	Weighted Average Months to Maturity	Number of Distinct Counterparties
(dollars in thousands, unaudited)					
Repurchase agreements collateralized by securities	$	7,050,057	4.90 %	1.60	18
Repurchase agreements collateralized by MSR		755,000	7.44 %	17.10	3
Total repurchase agreements		7,805,057	5.15 %	3.10	19
Revolving credit facilities collateralized by MSR and related servicing advance obligations		1,020,171	7.56 %	18.84	3
Warehouse facilities collateralized by mortgage loans		2,032	6.64 %	2.86	1
Unsecured convertible senior notes		260,229	6.25 %	12.49	n/a
Total borrowings	$	9,087,489			

Borrowings by Collateral Type	As of March 31, 2025	As of December 31, 2024
(dollars in thousands)	(unaudited)	(unaudited)
Agency RMBS	$ 8,970,635	$ 7,049,850
Mortgage servicing rights and related servicing advance obligations	1,703,171	1,775,171
Other - secured	8,166	2,239
Other - unsecured[1]	260,591	260,229
Total	10,942,563	9,087,489
TBA cost basis	3,001,672	4,493,055
Net payable (receivable) for unsettled RMBS	(643,896)	269,370
Total, including TBAs and net payable (receivable) for unsettled RMBS	$ 13,300,339	$ 13,849,914
Debt-to-equity ratio at period-end[2]	5.1 :1.0	4.3 :1.0
Economic debt-to-equity ratio at period-end[3]	6.2 :1.0	6.5 :1.0

Cost of Financing by Collateral Type[4]	Three Months Ended March 31, 2025	Three Months Ended December 31, 2024
	(unaudited)	(unaudited)
Agency RMBS	4.62 %	5.14 %
Mortgage servicing rights and related servicing advance obligations[5]	7.81 %	8.34 %
Other - secured	6.93 %	8.13 %
Other - unsecured[1][5]	6.84 %	6.93 %
Annualized cost of financing	5.27 %	5.79 %
Interest rate swaps[6]	(0.18) %	(0.34) %
U.S. Treasury futures[7]	(0.04) %	(0.17) %
TBAs[8]	2.89 %	3.67 %
Annualized cost of financing, including swaps, U.S. Treasury futures and TBAs	4.49 %	4.58 %

(1) Unsecured convertible senior notes.
(2) Defined as total borrowings to fund Agency and non-Agency investment securities, MSR and related servicing advances and mortgage loans held-for-sale, divided by total equity.
(3) Defined as total borrowings to fund Agency and non-Agency investment securities, MSR and related servicing advances and mortgage loans held-for-sale, plus the implied debt on net TBA cost basis and net payable (receivable) for unsettled RMBS, divided by total equity.
(4) Excludes any repurchase agreements collateralized by U.S. Treasuries.
(5) Includes amortization of debt issuance costs.
(6) The cost of financing on interest rate swaps held to mitigate interest rate risk associated with the company’s outstanding borrowings includes interest spread income/expense and amortization of upfront payments made or received upon entering into interest rate swap agreements and is calculated using average borrowings balance as the denominator.
(7) The cost of financing on U.S. Treasury futures held to mitigate interest rate risk associated with the company’s outstanding borrowings is calculated using average borrowings balance as the denominator. U.S. Treasury futures income is the economic equivalent to holding and financing a relevant cheapest-to-deliver U.S. Treasury note or bond using short-term repurchase agreements.
(8) The implied financing benefit/cost of dollar roll income on TBAs is calculated using the average cost basis of TBAs as the denominator. TBA dollar roll income is the non-GAAP economic equivalent to holding and financing Agency RMBS using short-term repurchase agreements. TBAs are accounted for as derivative instruments in accordance with GAAP.

Conference Call

TWO will host a conference call on April 29, 2025 at 9:00 a.m. ET to discuss its first quarter 2025 financial results and related information. To participate in the teleconference, please call toll-free (888) 394-8218 approximately 10 minutes prior to the above start time and provide the Conference Code 5182687. The conference call will also be webcast live and accessible online in the News & Events section of the company's website at www.twoinv.com. For those unable to attend, a replay of the webcast will be available on the company's website approximately four hours after the live call ends.

About TWO

Two Harbors Investment Corp., or TWO, a Maryland corporation, is a real estate investment trust that invests in mortgage servicing rights, residential mortgage-backed securities, and other financial assets. TWO is headquartered in St. Louis Park, MN.

Forward-Looking Statements

This release includes "forward-looking statements" within the meaning of the safe harbor provisions of the United States Private Securities Litigation Reform Act of 1995. Actual results may differ from expectations, estimates and projections and, consequently, readers should not rely on these forward-looking statements as predictions of future events. Words such as "expect," "target," "assume," "estimate," "project," "budget," "forecast," "anticipate," "intend," "plan," "may," "will," "could," "should," "believe," "predicts," "potential," "continue," and similar expressions are intended to identify such forward-looking statements. These forward-looking statements involve significant risks and uncertainties that could cause actual results to differ materially from expected results, including, among other things, those described in our Annual Report on Form 10-K for the year ended December 31, 2024, and any subsequent Quarterly Reports on Form 10-Q, under the caption "Risk Factors." Factors that could cause actual results to differ include, but are not limited to: the state of credit markets and general economic conditions; changes in interest rates and the market value of our assets; changes in prepayment rates of mortgages underlying our target assets; the rates of default or decreased recovery on the mortgages underlying our target assets; declines in home prices; our ability to establish, adjust and maintain appropriate hedges for the risks in our portfolio; the availability and cost of our target assets; the availability and cost of financing; changes in the competitive landscape within our industry; our ability to effectively execute and to realize the benefits of strategic transactions and initiatives we have pursued or may in the future pursue; our decision to terminate our management agreement with PRCM Advisers LLC and the ongoing litigation related to such termination; our ability to manage various operational risks and costs associated with our business, including the risks associated with operating a mortgage loan servicer and originator; interruptions in or impairments to our communications and information technology systems; our ability to acquire MSR and to maintain our MSR portfolio; our exposure to legal and regulatory claims; legislative and regulatory actions affecting our business; our ability to maintain our REIT qualification; and limitations imposed on our business due to our REIT status and our exempt status under the Investment Company Act of 1940.

Readers are cautioned not to place undue reliance upon any forward-looking statements, which speak only as of the date made. TWO does not undertake or accept any obligation to release publicly any updates or revisions to any forward-looking statement to reflect any change in its expectations or any change in events, conditions or circumstances on which any such statement is based. Additional information concerning these and other risk factors is contained in TWO's most recent filings with the Securities and Exchange Commission (SEC). All subsequent written and oral forward-looking statements concerning TWO or matters attributable to TWO or any person acting on its behalf are expressly qualified in their entirety by the cautionary statements above.

Non-GAAP Financial Measures

In addition to disclosing financial results calculated in accordance with United States generally accepted accounting principles (GAAP), this press release and the accompanying investor presentation present non-GAAP financial measures, such as earnings available for distribution and related per basic common share measures. The non-GAAP financial measures presented by the company provide supplemental information to assist investors in analyzing the company's results of operations and help facilitate comparisons to industry peers. However, because these measures are not calculated in accordance with GAAP, they should not be considered a substitute for, or superior to, the financial measures calculated in accordance with GAAP. The company's GAAP financial results and the reconciliations from these results should be carefully evaluated. See the GAAP to non-GAAP reconciliation table on page 11 of this release.

Additional Information

Stockholders of TWO and other interested persons may find additional information regarding the company at www.twoinv.com, at the Securities and Exchange Commission's internet site at www.sec.gov or by directing requests to: TWO, Attn: Investor Relations, 1601 Utica Avenue South, Suite 900, St. Louis Park, MN, 55416, (612) 453-4100.

Contact

Margaret Karr, Head of Investor Relations, TWO, (612) 453-4080, Margaret.Karr@twoinv.com

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TWO HARBORS INVESTMENT CORP.

CONSOLIDATED BALANCE SHEETS

(dollars in thousands, except share data)

	March 31, 2025	December 31, 2024
	(unaudited)	
ASSETS		
Available-for-sale securities, at fair value (amortized cost $8,773,987 and $7,697,027, respectively; allowance for credit losses $2,680 and $2,866, respectively)	$ 8,606,870	$ 7,371,711
Mortgage servicing rights, at fair value	2,959,773	2,994,271
Mortgage loans held-for-sale	8,406	2,334
Cash and cash equivalents	573,882	504,613
Restricted cash	123,843	313,028
Accrued interest receivable	39,277	33,331
Due from counterparties	920,391	386,464
Derivative assets, at fair value	27,550	10,114
Reverse repurchase agreements	227,818	355,975
Other assets	195,503	232,478
Total Assets	$ 13,683,313	$ 12,204,319
LIABILITIES AND STOCKHOLDERS' EQUITY		
Liabilities:		
Repurchase agreements	$ 9,740,830	$ 7,805,057
Revolving credit facilities	933,171	1,020,171
Warehouse facilities	7,971	2,032
Convertible senior notes	260,591	260,229
Derivative liabilities, at fair value	3,097	24,897
Due to counterparties	289,457	648,643
Dividends payable	60,402	58,725
Accrued interest payable	75,354	85,994
Other liabilities	165,651	176,062
Total Liabilities	11,536,524	10,081,810
Stockholders' Equity:		
Preferred stock, par value $0.01 per share; 100,000,000 shares authorized and 24,870,817 shares issued and outstanding ($621,770 liquidation preference)	601,467	601,467
Common stock, par value $0.01 per share; 175,000,000 shares authorized and 104,025,096 and 103,680,321 shares issued and outstanding, respectively	1,040	1,037
Additional paid-in capital	5,943,211	5,936,609
Accumulated other comprehensive loss	(163,352)	(320,524)
Cumulative earnings	1,569,730	1,648,785
Cumulative distributions to stockholders	(5,805,307)	(5,744,865)
Total Stockholders' Equity	2,146,789	2,122,509
Total Liabilities and Stockholders' Equity	$ 13,683,313	$ 12,204,319

TWO HARBORS INVESTMENT CORP.

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

(dollars in thousands, except share data)

Certain prior period amounts have been reclassified to conform to the current period presentation

	Three Months Ended March 31,	
	2025	**2024**
	(unaudited)	
Net interest income (expense):		
Interest income	$ 111,382	$ 117,783
Interest expense	131,714	160,000
Net interest expense	(20,332)	(42,217)
Net servicing income:		
Servicing income	156,859	166,333
Servicing costs	3,197	7,119
Net servicing income	153,662	159,214
Other (loss) income:		
Loss on investment securities	(32,729)	(10,975)
(Loss) gain on servicing asset	(36,221)	11,012
(Loss) gain on interest rate swap and swaption agreements	(98,788)	98,510
Gain on other derivative instruments	1,448	47,599
Gain (loss) on mortgage loans held-for-sale	669	(3)
Other income	761	—
Total other (loss) income	(164,860)	146,143
Expenses:		
Compensation and benefits	26,589	26,529
Other operating expenses	20,505	21,052
Total expenses	47,094	47,581
(Loss) income before income taxes	(78,624)	215,559
Provision for income taxes	431	11,971
Net (loss) income	(79,055)	203,588
Dividends on preferred stock	(13,186)	(11,784)
Gain on repurchase and retirement of preferred stock	—	644
Net (loss) income attributable to common stockholders	$ (92,241)	$ 192,448
Basic (loss) earnings per weighted average common share	$ (0.89)	$ 1.85
Diluted (loss) earnings per weighted average common share	$ (0.89)	$ 1.73
Comprehensive income:		
Net (loss) income	$ (79,055)	$ 203,588
Other comprehensive income (loss):		
Unrealized gain (loss) on available-for-sale securities	157,172	(103,078)
Other comprehensive income (loss)	157,172	(103,078)
Comprehensive income	78,117	100,510
Dividends on preferred stock	(13,186)	(11,784)
Gain on repurchase and retirement of preferred stock	—	644
Comprehensive income attributable to common stockholders	$ 64,931	$ 89,370

TWO HARBORS INVESTMENT CORP.
INTEREST INCOME AND INTEREST EXPENSE
(dollars in thousands, except share data)

	Three Months Ended March 31,	
	2025	**2024**
	(unaudited)	
Interest income:		
Available-for-sale securities	$ 100,418	$ 100,605
Mortgage loans held-for-sale	53	1
Other	10,911	17,177
Total interest income	111,382	117,783
Interest expense:		
Repurchase agreements	107,078	118,716
Revolving credit facilities	20,126	30,247
Warehouse facilities	55	—
Term notes payable	—	6,418
Convertible senior notes	4,455	4,619
Total interest expense	131,714	160,000
Net interest expense	$ (20,332)	$ (42,217)

TWO HARBORS INVESTMENT CORP.

RECONCILIATION OF GAAP TO NON-GAAP FINANCIAL INFORMATION

(dollars in thousands, except share data)

Certain prior period amounts have been reclassified to conform to the current period presentation

	Three Months Ended	
	March 31, 2025	**December 31, 2024**
	(unaudited)	(unaudited)
Reconciliation of comprehensive income (loss) to Earnings Available for Distribution:		
Comprehensive income (loss) attributable to common stockholders	$ 64,931	$ (1,620)
Adjustment for other comprehensive (income) loss attributable to common stockholders:		
Unrealized (gain) loss on available-for-sale securities	(157,172)	266,565
Net (loss) income attributable to common stockholders	$ (92,241)	$ 264,945
Adjustments to exclude reported realized and unrealized (gains) losses:		
Realized loss on securities	33,661	7,001
Unrealized (gain) loss on securities	(1,026)	725
Provision for credit losses	94	283
Realized and unrealized loss (gain) on mortgage servicing rights	36,221	(82,520)
Realized gain on termination or expiration of interest rate swaps and swaptions	(26,587)	(66,033)
Unrealized loss (gain) on interest rate swaps and swaptions	131,350	(121,421)
Realized and unrealized (gain) loss on other derivative instruments	(1,329)	55,241
Other realized and unrealized gains	—	(46)
Other adjustments:		
MSR amortization(1)	(70,303)	(80,476)
TBA dollar roll income (losses)(2)	8,178	4,195
U.S. Treasury futures income(3)	1,272	6,133
Change in servicing reserves	(105)	610
Non-cash equity compensation expense	6,523	1,610
Certain operating expenses(4)	106	39
Net (benefit from) provision for income taxes on non-EAD	(722)	30,895
Earnings available for distribution to common stockholders(5)	$ 25,092	$ 21,181
Weighted average basic common shares	103,976,437	103,656,321
Earnings available for distribution to common stockholders per weighted average basic common share	$ 0.24	$ 0.20

(1) MSR amortization refers to the portion of change in fair value of MSR primarily attributed to the realization of expected cash flows (runoff) of the portfolio, which is deemed a non-GAAP measure due to the company's decision to account for MSR at fair value.
(2) TBA dollar roll income is the economic equivalent to holding and financing Agency RMBS using short-term repurchase agreements.
(3) U.S. Treasury futures income is the economic equivalent to holding and financing a relevant cheapest-to-deliver U.S. Treasury note or bond using short-term repurchase agreements.
(4) Certain operating expenses predominantly consists of expenses incurred in connection with the company's ongoing litigation with PRCM Advisers LLC.
(5) EAD is a non-GAAP measure that we define as comprehensive income (loss) attributable to common stockholders, excluding realized and unrealized gains and losses on the aggregate investment portfolio, gains and losses on repurchases of preferred stock, provision for (reversal of) credit losses, reserve expense for representation and warranty obligations on MSR, non-cash compensation expense related to restricted common stock and certain operating expenses. As defined, EAD includes net interest income, accrual and settlement of interest on derivatives, dollar roll income on TBAs, U.S. Treasury futures income, servicing income, net of estimated amortization on MSR and certain cash related operating expenses. EAD provides supplemental information to assist investors in analyzing the company's results of operations and helps facilitate comparisons to industry peers. EAD is one of several measures our board of directors considers to determine the amount of dividends to declare on our common stock and should not be considered an indication of our taxable income or as a proxy for the amount of dividends we may declare.


two
First Quarter 2025 Financial Highlights
Book Value per Share
$14.66
Common Stock Dividend
$0.45
Economic Return on Book Value(1)
4.4%
Comprehensive Income per Share
$0.62
Investment Portfolio(2)
$14.6b
Quarter-End Economic Debt-to-Equity(3)
6.2x
1. Economic return on book value is defined as the increase (decrease) in common book value from the beginning to the end of the given period, plus dividends declared to common stockholders in the period, divided by common book value as of the beginning of the period.
2. Includes $10.4 billion in settled positions and $4.4 billion net TBA position, which represents the bond equivalent value of the company's TBA position. Bond equivalent value is defined as notional amount multiplied by market price. Accounted for as derivative instruments in accordance with GAAP.
3. Economic debt-to-equity is defined as total borrowings to fund Agency and non-Agency investment securities and MSR, plus the implied debt on net TBA cost basis and net payable (receivable) for unsettled RMBS, divided by total equity.

An MSR-Focused REIT

First Quarter 2025 Earnings Call Presentation

April 29, 2025

Safe Harbor Statement

FORWARD-LOOKING STATEMENTS

This presentation of Two Harbors Investment Corp., or TWO, includes “forward-looking statements” within the meaning of the safe harbor provisions of the United States Private Securities Litigation Reform Act of 1995. Actual results may differ from expectations, estimates and projections and, consequently, readers should not rely on these forward-looking statements as predictions of future events. Words such as “expect,” “target,” “assume,” “estimate,” “project,” “budget,” “forecast,” “anticipate,” “intend,” “plan,” “may,” “will,” “could,” “should,” “believe,” “predicts,” “potential,” “continue,” and similar expressions are intended to identify such forward-looking statements. These forward-looking statements involve significant risks and uncertainties that could cause actual results to differ materially from expected results, including, among other things, those described in our Annual Report on Form 10-K for the year ended December 31, 2024, and any subsequent Quarterly Reports on Form 10-Q, under the caption “Risk Factors.” Factors that could cause actual results to differ include, but are not limited to: the state of credit markets and general economic conditions; changes in interest rates and the market value of our assets; changes in prepayment rates of mortgages underlying our target assets; the rates of default or decreased recovery on the mortgages underlying our target assets; declines in home prices; our ability to establish, adjust and maintain appropriate hedges for the risks in our portfolio; the availability and cost of our target assets; the availability and cost of financing; changes in the competitive landscape within our industry; our ability to effectively execute and to realize the benefits of strategic transactions and initiatives we have pursued or may in the future pursue; our decision to terminate our management agreement with PRCM Advisers LLC and the ongoing litigation related to such termination; our ability to manage various operational risks and costs associated with our business, including the risks associated with operating a mortgage loan servicer and originator; interruptions in or impairments to our communications and information technology systems; our ability to acquire mortgage servicing rights (MSR) and to maintain our MSR portfolio; our exposure to legal and regulatory claims; legislative and regulatory actions affecting our business; our ability to maintain our REIT qualification; and limitations imposed on our business due to our REIT status and our exempt status under the Investment Company Act of 1940.

Readers are cautioned not to place undue reliance upon any forward-looking statements, which speak only as of the date made. TWO does not undertake or accept any obligation to release publicly any updates or revisions to any forward-looking statement to reflect any change in its expectations or any change in events, conditions or circumstances on which any such statement is based. Additional information concerning these and other risk factors is contained in TWO’s most recent filings with the Securities and Exchange Commission (SEC). All subsequent written and oral forward-looking statements concerning TWO or matters attributable to TWO or any person acting on its behalf are expressly qualified in their entirety by the cautionary statements above.

This presentation may include industry and market data obtained through research, surveys, and studies conducted by third parties and industry publications. We have not independently verified any such market and industry data from third-party sources. This presentation is provided for discussion purposes only and may not be relied upon as legal or investment advice, nor is it intended to be inclusive of all the risks and uncertainties that should be considered. This presentation does not constitute an offer to purchase or sell any securities, nor shall it be construed to be indicative of the terms of an offer that the parties or their respective affiliates would accept.

Readers are advised that the financial information in this presentation is based on company data available at the time of this presentation and, in certain circumstances, may not have been audited by the company’s independent auditors.

Quarterly Financials Overview

Book Value per Share $14.66	Common Stock Dividend $0.45	Economic Return on Book Value[1] 4.4%
Comprehensive Income per Share $0.62	Investment Portfolio[2] $14.6b	Quarter-End Economic Debt-to-Equity[3] 6.2x

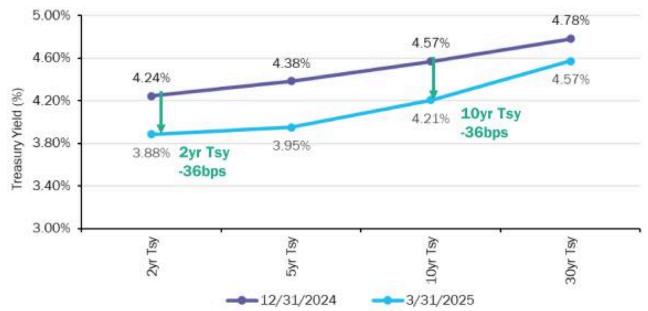
Note: Financial data throughout this presentation is as of or for the quarter ended March 31, 2025, unless otherwise noted. Per share metrics utilize basic common shares as the denominator. The End Notes are an integral part of this presentation. See slides 29 through 33 at the back of this presentation for information related to certain financial metrics and defined terms used herein.

Markets Overview

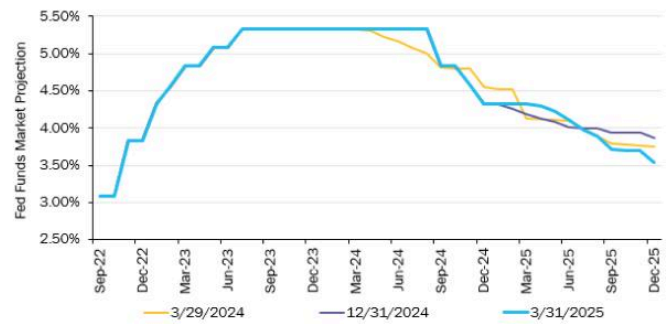
INTEREST RATES ACROSS THE YIELD CURVE MODESTLY LOWER

- Interest rates initially rose in January on the heels of stronger-than-expected employment data; subsequent data on employment and inflation was overshadowed by growing economic uncertainty and at quarter-end, U.S. Treasury yields finished close to their lowest levels of the quarter
- The yield curve remains positively sloped and at it steepest level since Q1-2022, with 10-year U.S. Treasuries at 4.21% and 2-year U.S. Treasuries at 3.88% at quarter-end
- The Federal Reserve held rates unchanged in the first quarter and continued to forecast 50 basis points (bps) of cuts in 2025; however, market participants estimated 50 to 75 bps of cuts in 2025 as of quarter-end

I. QUARTERLY YIELD CURVE CHANGE[1]



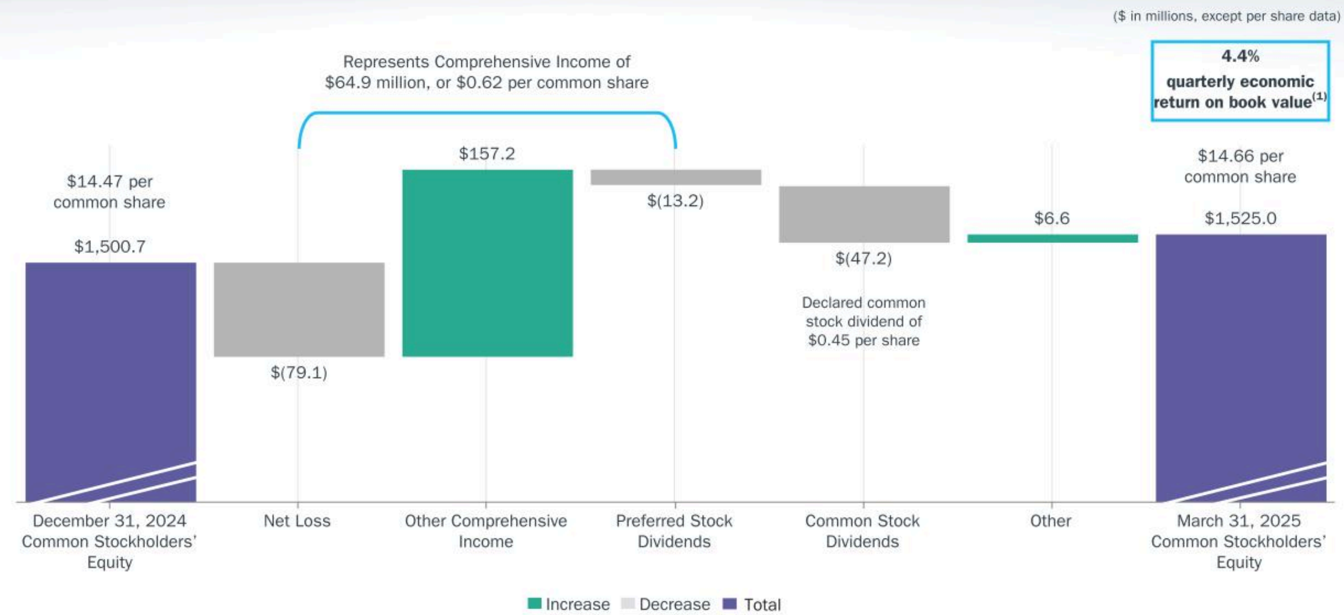
II. FED FUND RATE EXPECTATIONS[2]



RoundPoint Operations Update

TWO + RoundPoint Benefits	**Cost Efficiencies** Focused on additional operational efficiencies to deliver lower cost-to-service per loan	**Additional Income** Subservicing, direct-to-consumer originations, and ancillary products offer new sources of income	**Hedges Portfolio** Protects value of TWO's MSR portfolio when interest rates decline and refinances increase
Servicing Platform Highlights	**$208 billion** Serviced UPB	**852,415** Loans Serviced	
Direct-to-Consumer Originations Highlights	**Over $38.8 million UPB** in Originations Pipeline(1)	**$28.9 million UPB** Funded First Lien Loans	**$36.1 million UPB** Brokered Second Lien Loans

Book Value Summary



Comprehensive Income (Loss) Summary

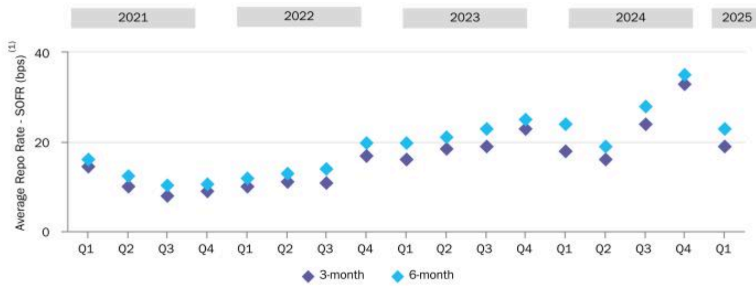
($ in millions, except per share data)

Financing Profile

BALANCE SHEET AS OF MARCH 31, 2025

AGENCY RMBS

- $9.0 billion of outstanding repurchase agreements with 18 counterparties
- Weighted average days to maturity of 68 days

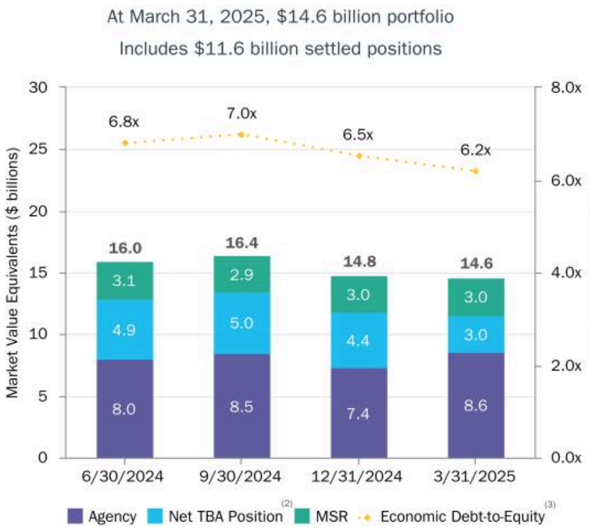


MORTGAGE SERVICING RIGHTS

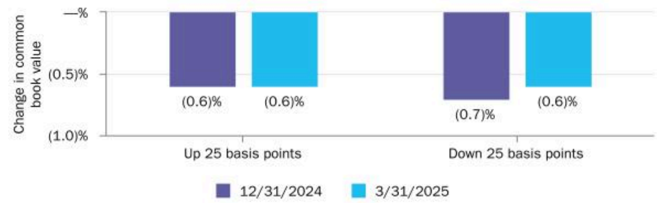
- $1.6 billion of outstanding borrowings under bilateral MSR asset financing facilities
- $950 million of unused MSR asset financing capacity; $170 million committed and $780 million uncommitted
- $103 million outstanding borrowings and $47 million of unused, committed capacity for servicing advance receivables

Portfolio Composition and Risk Positioning

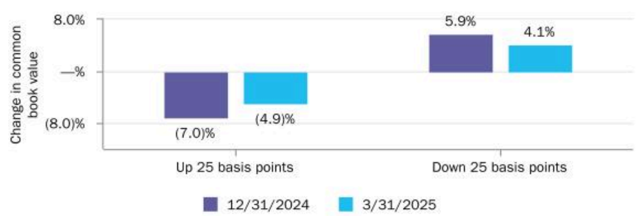
I. PORTFOLIO COMPOSITION[1]



II. INTEREST RATE EXPOSURE[4]



III. MORTGAGE SPREAD EXPOSURE[5]

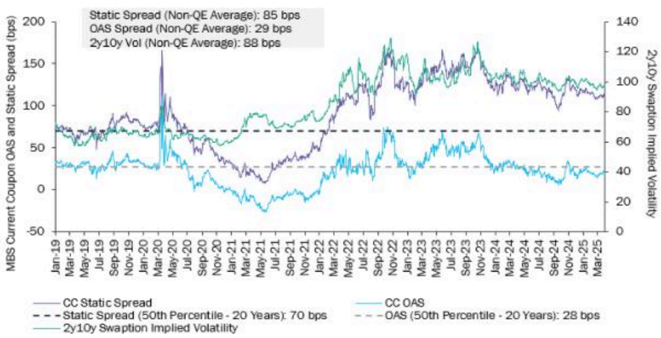


Note: Sensitivity data as of March 31, 2025. The above scenarios are provided for illustration purposes only and are not necessarily indicative of TWO's financial condition and operating results, nor are they necessarily indicative of the financial condition or results of operations that may be expected for any future period or date. See Slide 18 in the Appendix for more information on our risk positioning.

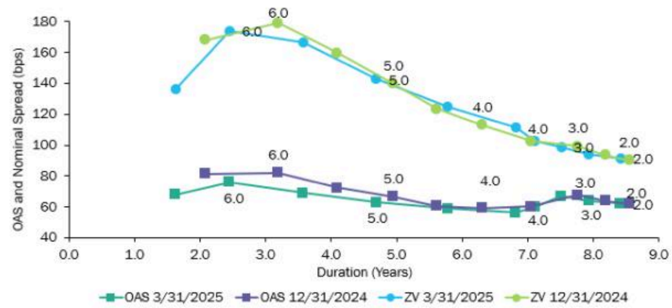
NET POSITIVE QUARTER FOR AGENCY RMBS

- Agency RMBS outperformed interest rate hedges in January and February, but underperformed in March as financial assets priced in greater amounts of uncertainty
- Nominal and option-adjusted spread (OAS), and implied volatility, finished close to their 6-month and 12-month averages
  - Nominal current coupon spreads tightened by 3 bps to +114 to the Treasury curve
  - OAS for current coupons tightened by 2 bps to +22
  - Implied volatility – 2-year options on 10-year rates – fell modestly to 98 bps of annual expected volatility
- Nominal and option-adjusted spread curves flattened, reflecting the outperformance of higher coupons

I. NOMINAL RMBS SPREADS REMAIN ATTRACTIVE(1)



II. NOMINAL SPREAD CURVE IS STEEP, OAS CURVE FLAT(2)



Agency RMBS Portfolio

QUARTERLY HIGHLIGHTS

- Performance across the coupon stack was uneven, with higher coupon TBA and specified pools outperforming longer duration lower coupons
- Current coupon performance aided by (1) bull steepening of the swap curve and (2) record amounts of CMO issuance, which also improved roll economics
- Shifted specified pool holdings up-in-coupon
- Reduced 3.0-4.5% seasoned specified pools by approximately $0.7 billion and simultaneously added $1.7 billion in 6.0-6.5% specified pools
- Weighted average specified pool portfolio prepayment speed slowed to 7.4%, compared to 8.1% in the fourth quarter[1], driven by the prepayment slowdown in higher coupons

I. RMBS QUARTERLY PERFORMANCE

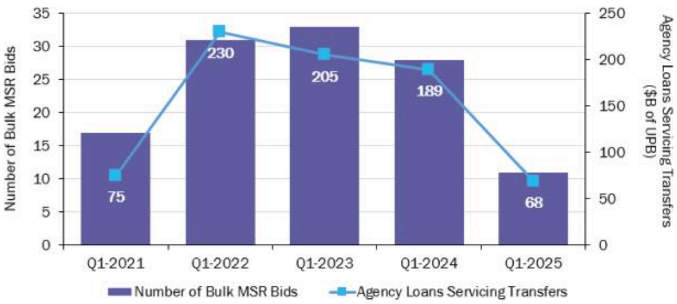
II. SPECIFIED POOL PREPAYMENT SPEEDS

MSR Investment Landscape

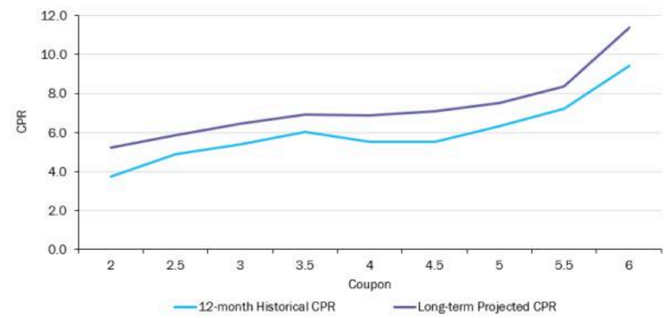
MSR MARKET WELL SUPPORTED

- MSR market remains well supported given the high demand for the asset class, which continues to come from bank and non-bank portfolios
- Expect ample opportunities to add MSR at attractive spreads, even as transfer volume continues to normalize to pre-COVID levels
- With rates around 6.75%, only 0.5% of the UPB of TWO's MSR portfolio has 50 basis points or more of a rate incentive to refinance
- Borrowers remain locked in; prepays are low and steady, below our projections

I. BULK MSR BIDS[1]



II. TWO MSR PREPAY CURVE BY COUPON[2]



MSR Portfolio

QUARTERLY HIGHLIGHTS

- Weighted average 3-month CPR decreased slightly to 4.2% CPR from 4.9% in Q4, due to slower seasonal factors
- Price multiple unchanged quarter-over-quarter at 5.9x, reflecting slightly tighter spreads
- 60+ day delinquencies remain low at 0.9%
- Settled $174.9 million UPB through flow acquisitions and recapture
- Post quarter-end, committed to purchase $1.7 billion UPB of MSR through two bulk acquisitions

I. MSR PORTFOLIO CHARACTERISTICS[1]

	3/31/2025	12/31/2024
Fair value ($ millions)	$ 2,960	$ 2,994
Price multiple	5.9x	5.9x
UPB ($ millions)	$ 198,133	$ 201,669
Gross coupon rate	3.47%	3.46%
Current loan size ($ thousands)	$ 330	$ 332
Original FICO[2]	760	759
Original Loan-to-Value (LTV)	72%	72%
60+ day delinquencies	0.9%	0.8%
Net servicing fee (bps)	25.3	25.3
Loan age (months)	55	52
3-month CPR	4.2%	4.9%

II. 30-YEAR MSR PREPAYMENT SPEEDS

UPB[3] ($ billions)	$74.6	$33.1	$23.3	$12.3	$9.9	$7.6	$4.4	$2.7	$2.2	$1.2

Return Potential and Outlook

ATTRACTIVE RETURN OPPORTUNITIES FOR UNIQUELY POSITIONED PORTFOLIO

As of March 31, 2025	PORTFOLIO MARKET VALUE ($ millions)	INVESTED CAPITAL ALLOCATED[1]	STATIC RETURN ESTIMATE[2]		
SERVICING					
MSR	2,986				
RMBS[3]	5,514				
Total	**8,500**	**65%**	**12%**	-	**14%**
SECURITIES					
RMBS[3]	5,412				
Other Securities	726				
Total	**6,138**	**35%**	**10%**	-	**15%**
	INVESTED CAPITAL ($ millions)		**TWO's STATIC RETURN ESTIMATE[4]**		
Total Portfolio Before Corporate and Tax Expenses			**11.1%**	-	**14.7%**
Corporate and Tax Expenses[5]			(2.4)%	-	(2.4)%
Total Return to Invested Capital			**8.7%**	-	**12.3%**
INVESTED CAPITAL					
Convertible Notes	262			6.2%	
Preferred Equity[6]	622			8.7%	
Common Equity	**1,525**		**9.1%**	-	**14.7%**
PROSPECTIVE QUARTERLY STATIC RETURN PER BASIC COMMON SHARE[7]:				**$0.33 - $0.54**	

Note: This slide presents estimates for illustrative purposes only, using TWO's base case assumptions (e.g., spreads, prepayment speeds, financing costs, leverage and expenses), and does not contemplate market-driven value changes, active portfolio management, or certain operating expenses. Actual results may differ materially.

The TWO Advantage

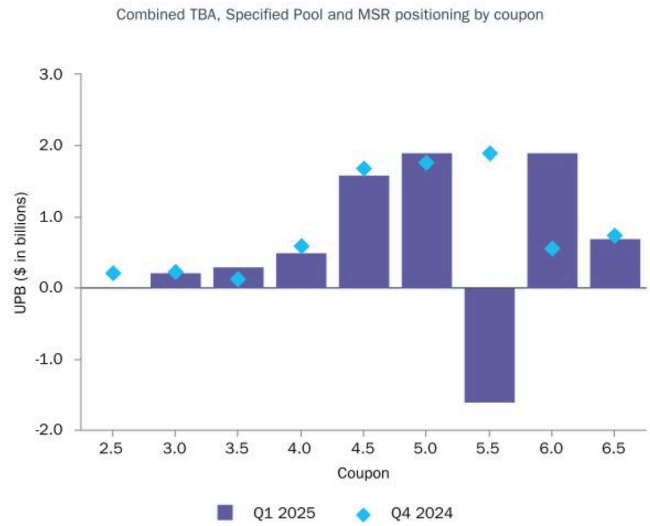
Appendix

Effective Coupon Positioning

I. EFFECTIVE COUPON POSITIONING

Coupon (%)	TBA Market Price[(1)]	TBA Notional ($m)	Specified Pools Par Value ($m)[(2)]	MSR/ Agency IO UPB ($m)[(3)]	Combined ($m)	ZV to SOFR Spreads for Specified Pools[(4)]
3.0%	$ 86.56	$ 216	$ —	$ —	$ 216	$ —
3.5%	$ 90.09	277	48	—	325	102
4.0%	$ 93.10	—	455	—	455	107
4.5%	$ 95.58	(128)	1,757	—	1,629	125
5.0%	$ 97.91	521	1,695	(352)	1,864	132
5.5%	$ 99.80	2,188	1,373	(5,169)	(1,608)	152
6.0%	$ 101.50	105	1,755	—	1,860	170
≥ 6.5%	$ 103.09	(108)	837	—	729	160
Total		**$ 3,071**	**$ 7,920**	**$ (5,521)**	**$ 5,470**	**144**

II. QUARTER-OVER-QUARTER CHANGE IN POSITIONING



Risk Positioning

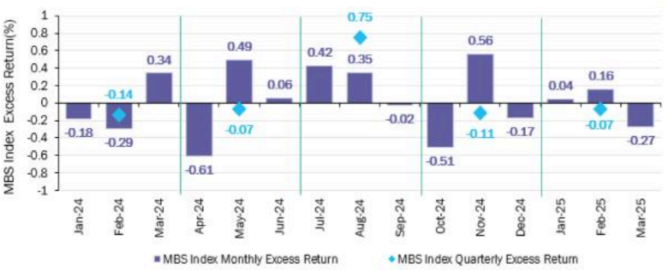
Book Value Exposure to Changes in Rates						
			% Change in Common Book Value			
2-Year Rate (basis points)	10-Year Rate (basis points)		Agency P&I RMBS/TBA	MSR/Agency IO RMBS[1]	Other[2]	Combined
-25	0	Bull Steepener[3]	2.4 %	2.8 %	(2.7)%	2.5 %
0	-25	Bull Flattener[4]	5.5 %	(5.7)%	(2.9)%	(3.1)%
-50	-50	Parallel Shift[5]	15.1 %	(6.5)%	(11.3)%	(2.7)%
-25	-25	Parallel Shift[5]	7.9 %	(2.9)%	(5.6)%	(0.6)%
0	0	Base	— %	— %	— %	— %
+25	+25	Parallel Shift[5]	(8.6)%	2.5 %	5.5 %	(0.6)%
+50	+50	Parallel Shift[5]	(17.7)%	4.4 %	10.9 %	(2.4)%
+25	0	Bear Flattener[3]	(2.3)%	(3.0)%	2.6 %	(2.7)%
0	+25	Bear Steepener[4]	(6.3)%	5.5 %	2.9 %	2.1 %

Book Value Exposure to Current Coupon Spread[6]			
	% Change in Common Book Value		
Parallel Shift in Spreads (basis points)	Agency P&I RMBS/TBA	MSR/Agency IO RMBS[1]	Combined
-25	7.5 %	(3.4)%	4.1 %
0	— %	— %	— %
+25	(8.1)%	3.2 %	(4.9)%

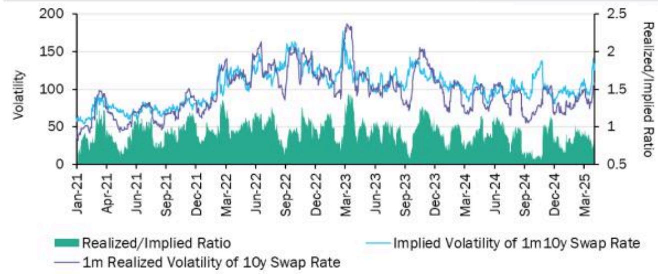
Note: Sensitivity data as of March 31, 2025. The above scenarios are provided for illustration purposes only and are not necessarily indicative of TWO's financial condition and operating results, nor are they necessarily indicative of the financial condition or results of operations that may be expected for any future period or date.

Markets Overview

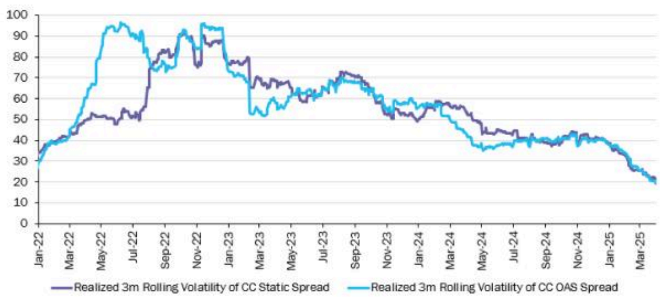
I. QUARTERLY MORTGAGE PERFORMANCE[1]



II. ACTUAL VS. IMPLIED VOLATILITY[2]



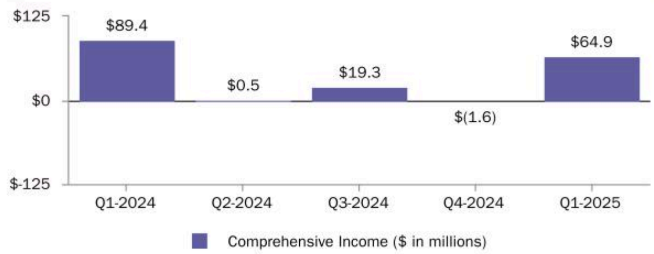
III. MORTGAGE SPREAD VOLATILITY[3]



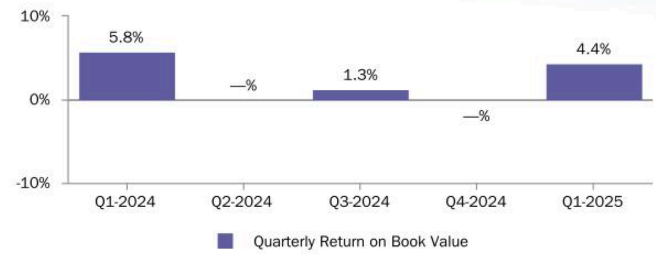
IV. TWO MSR SPEEDS AND EXISTING HOME SALES[4]

Financial Performance

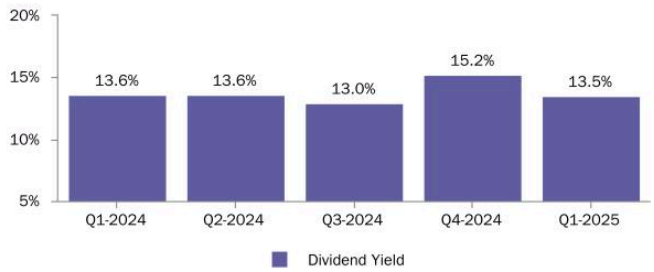
I. COMPREHENSIVE INCOME (LOSS)



II. QUARTERLY ECONOMIC RETURN ON BOOK VALUE[1]



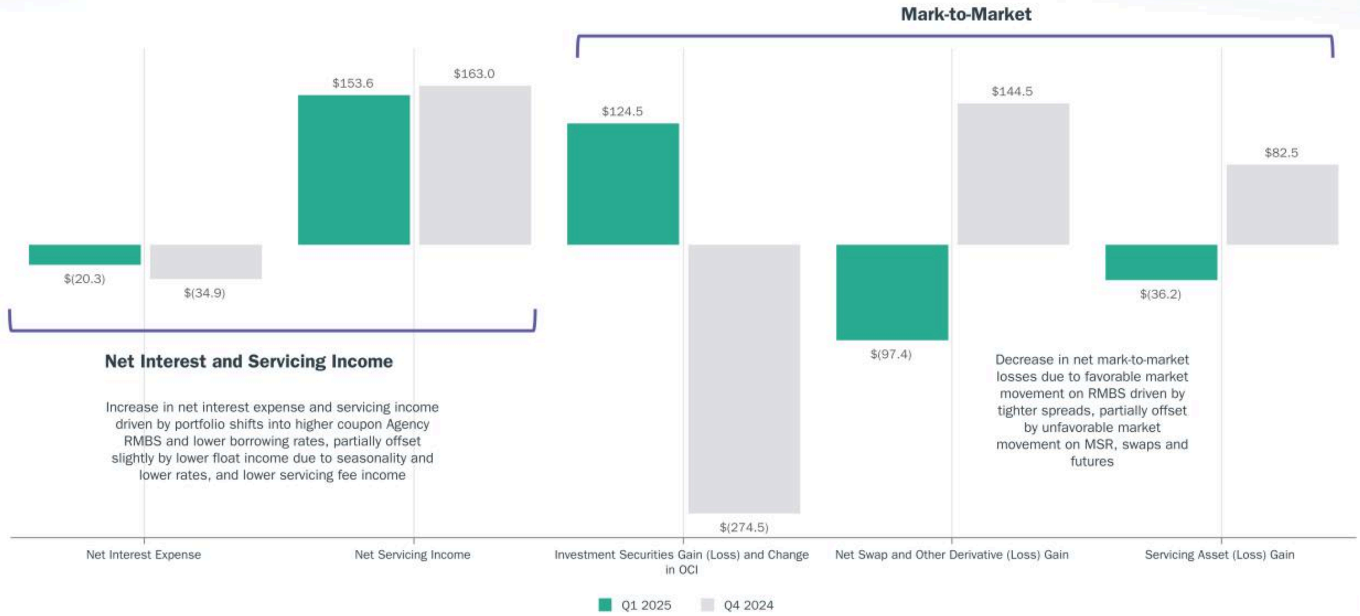
III. DIVIDEND YIELD[2]



IV. BOOK VALUE AND DIVIDEND PER COMMON SHARE[2]

Net Interest, Servicing and Mark-to-Market Detail

($ in millions, except per share data)



Q1-2025 Portfolio Yields and Financing Costs

($ thousands) Portfolio Asset Type	Measure	Average Amortized Cost	Income[1]	Average Yield
Available-for-sale securities	GAAP	$ 8,321,221	$ 100,418	4.83%
Mortgage loans held-for-sale	GAAP	3,371	53	6.29%
Adjustments to include other portfolio items:				
Mortgage servicing rights[2][3]	Non-GAAP	1,790,748	53,338	11.91%
Agency derivatives[2][4]	Non-GAAP	15,361	119	3.10%
TBAs[2][5]	Non-GAAP	3,091,452	30,513	3.95%
Total portfolio	Non-GAAP	$ 13,222,153	$ 184,441	5.58%

Financing Collateral Type	Measure	Average Outstanding Balance	Expense[6]	Average Cost
Borrowings collateralized by available-for-sale securities	GAAP	$ 7,883,759	$ 91,134	4.62%
Borrowings collateralized by mortgage loans held-for-sale	GAAP	3,144	55	7.00%
Adjustments to include other financing items:				
Borrowings collateralized by mortgage servicing rights and advances	GAAP	1,843,294	36,008	7.81%
Borrowings collateralized by Agency derivatives[4]	GAAP	5,055	62	4.91%
Convertible senior notes[7]	GAAP	260,474	4,455	6.84%
Interest rate swaps[2][8]	Non-GAAP		(5,975)	(0.18)%
U.S. Treasury futures[2][9]	Non-GAAP		(1,272)	(0.04)%
TBAs[2][5]	Non-GAAP	3,091,452	22,336	2.89%
Total financing	Non-GAAP	$ 13,084,034	$ 146,748	4.49%

Net Spread	Measure			Average Yield, less Cost
Net spread on AFS securities and mortgage loans held-for-sale	GAAP			0.21%
Net spread on total portfolio	Non-GAAP			1.09%

Agency RMBS Portfolio

	Par Value ($ millions)	Market Value ($ millions)	Weighted Average CPR[1]	% Prepay Protected[2]	Amortized Cost Basis ($ millions)	Gross Weighted Average Coupon	Weighted Average Age (Months)
30-Year Fixed							
3.0%	$ —	$ —	— %	— %	$ —	— %	—
3.5%	48	44	6.0 %	100.0 %	44	4.0 %	72
4.0%	455	427	11.1 %	100.0 %	459	4.6 %	64
4.5%	1,757	1,694	7.4 %	100.0 %	1,776	5.2 %	45
5.0%	1,695	1,676	8.7 %	100.0 %	1,725	5.8 %	35
5.5%	1,373	1,381	7.2 %	99.8 %	1,383	6.4 %	27
6.0%	1,755	1,791	12.5 %	93.7 %	1,789	6.9 %	9
≥ 6.5%	837	869	15.2 %	89.3 %	864	7.4 %	8
	7,920	7,882	9.9 %	97.4 %	8,040	6.1 %	29
Other P&I[3]	712	700	6.2 %	— %	703	5.7 %	14
IOs and IIOs[4]	807	46	10.7 %	— %	55	6.2 %	135
Total Agency RMBS	$ 9,439	$ 8,628		88.9 %	$ 8,798		

($ millions)	Notional Amount	Bond Equivalent Value[5]	Through-the-Box Speeds[6]
TBA Positions			
3.0%	$ 216	$ 187	2.9 %
3.5%	277	249	2.7 %
4.0%	—	—	3.3 %
4.5%	(128)	(122)	3.0 %
5.0%	521	510	3.9 %
5.5%	2,188	2,182	4.2 %
6.0%	105	106	7.4 %
≥ 6.5%	(108)	(111)	16.0 %
Net TBA Position	$ 3,071	$ 3,001	

Mortgage Servicing Rights Portfolio[1]

two

	Number of Loans	Unpaid Principal Balance ($ millions)	Gross Coupon Rate	Current Loan Size ($ thousands)	Loan Age (months)	Original FICO[2]	Original LTV	60+ Day Delinquencies	3-Month CPR	Net Servicing Fee (bps)
30-Year Fixed										
≤ 3.25%	288,800	$ 88,127	2.8%	$ 361	50	768	71%	0.4%	3.1%	25.1
3.25% - 3.75%	138,217	34,682	3.4%	320	62	753	74%	0.9%	4.2%	25.2
3.75% - 4.25%	99,013	19,917	3.9%	266	84	751	76%	1.1%	4.6%	25.5
4.25% - 4.75%	55,278	9,902	4.4%	258	83	739	77%	1.8%	5.2%	25.3
4.75% - 5.25%	38,879	9,043	5.0%	351	52	747	79%	1.7%	5.1%	25.2
> 5.25%	53,347	16,420	6.0%	407	29	750	80%	2.1%	7.0%	26.8
	673,534	178,091	3.6%	340	56	759	74%	0.9%	4.1%	25.3
15-Year Fixed										
≤ 2.25%	21,843	5,120	2.0%	278	47	777	59%	0.2%	3.3%	25.0
2.25% - 2.75%	36,465	6,849	2.4%	234	50	772	59%	0.3%	4.3%	25.0
2.75% - 3.25%	30,709	3,615	2.9%	173	74	765	61%	0.3%	6.2%	25.3
3.25% - 3.75%	16,883	1,438	3.4%	135	87	755	64%	0.4%	8.4%	25.4
3.75% - 4.25%	7,890	586	3.9%	129	82	741	65%	0.7%	8.3%	25.3
> 4.25%	5,678	659	4.9%	224	44	741	66%	1.6%	10.5%	27.0
	119,468	18,267	2.6%	222	58	769	60%	0.3%	5.1%	25.2
Total ARMs	1,464	415	4.4%	373	57	762	72%	0.9%	10.1%	25.4
Total Portfolio	794,466	$ 196,773	3.5%	$ 330	56	760	72%	0.8%	4.2%	25.3

Mortgage Servicing Rights UPB Roll-forward

$ millions	Q1-2025	Q4-2024	Q3-2024	Q2-2024	Q1-2024
UPB at beginning of period	$ 200,317	$ 202,052	$ 209,390	$ 213,597	$ 215,647
Bulk purchases of mortgage servicing rights	—	2,063	2,573	—	2,906
Flow purchases of mortgage servicing rights	155	376	715	328	211
Originations/recapture of mortgage servicing rights	20	43	17	—	—
Sales of mortgage servicing rights	—	3	(6,248)	—	(1,430)
Scheduled payments	(1,624)	(1,647)	(1,641)	(1,639)	(1,646)
Prepaid	(2,110)	(2,545)	(2,779)	(2,873)	(2,111)
Other changes	15	(28)	25	(23)	20
UPB at end of period	$ 196,773	$ 200,317	$ 202,052	$ 209,390	$ 213,597

Financing

$ millions						
Outstanding Borrowings and Maturities[1]	Repurchase Agreements	Revolving Credit Facilities	Warehouse Facilities	Convertible Notes	Total Borrowings	Percent (%)
Within 30 days	$ 3,858.0	$ —	$ 0.5	$ —	$ 3,858.5	35.3 %
30 to 59 days	1,107.7	—	1.1	—	1,108.8	10.1 %
60 to 89 days	899.0	—	6.4	—	905.4	8.3 %
90 to 119 days	915.7	—	—	—	915.7	8.4 %
120 to 364 days	2,315.4	—	—	260.6	2,576.0	23.5 %
One to three years	645.0	933.2	—	—	1,578.2	14.4 %
	$ 9,740.8	$ 933.2	$ 8.0	$ 260.6	$ 10,942.6	100.0 %

Collateral Pledged for Borrowings	Repurchase Agreements[2]	Revolving Credit Facilities[2]	Warehouse Facilities	Convertible Notes	Total Collateral Pledged	Percent (%)
Available-for-sale securities, at fair value	$ 8,575.8	$ —	$ —	n/a	$ 8,575.8	69.0 %
Mortgage servicing rights, at fair value	1,337.9	1,619.3	—	n/a	2,957.2	23.8 %
Mortgage loans held-for-sale, at fair value	—	—	8.1	n/a	8.1	0.1 %
Restricted cash	58.1	—	0.4	n/a	58.5	0.5 %
Due from counterparties	691.2	—	—	n/a	691.2	5.6 %
Derivative assets, at fair value	20.3	—	—	n/a	20.3	0.1 %
Other assets (includes servicing advances)	—	112.9	—	n/a	112.9	0.9 %
	$ 10,683.3	$ 1,732.2	$ 8.5	n/a	$ 12,424.0	100.0 %

Futures

Type & Maturity	Notional Amount ($M)	Carrying Value ($M)[1]	Weighted Average Months to Expiration
U.S. Treasury futures			
2 year	$ (2,065.4)	$ —	3.0
5 year	(502.1)		3.0
10 year	(165.4)	—	2.6
20 year	182.3	—	2.6
Federal Funds futures - 30 day	125.0	—	2.0
Eris SOFR swap futures - 10 year	(130.0)	—	122.7
SOFR futures - < 1 year	(375.0)	—	4.1
> 1 and < 2 years	455.0	—	19.8
> 2 and < 3 years	(455.0)	—	29.5
Total futures	$ (2,930.6)	$ —	9.2

Interest Rate Swaps[1]

Maturities	Notional Amount ($M)[2]	Average Fixed Pay Rate[3]	Average Receive Rate[3]	Average Maturity (Years)[3]
Payers				
≤ 1 year	$ 1,968.9	4.087 %	4.410 %	0.8
> 1 and ≤ 3 years	3,713.0	3.739 %	4.410 %	2.0
> 3 and ≤ 5 years	2,091.9	3.669 %	4.410 %	4.6
> 5 and ≤ 7 years	1,867.6	3.798 %	4.410 %	6.6
> 7 and ≤ 10 years	799.7	3.905 %	4.410 %	9.8
> 10 years	889.6	3.951 %	4.410 %	14.4
	$ 11,330.7	3.854 %	4.410 %	4.2

Maturities	Notional Amount ($M)[4]	Average Pay Rate[5]	Average Fixed Receive Rate[5]	Average Maturity (Years)[5]
Receivers				
≤ 1 year	$ —	— %	— %	—
> 1 and ≤ 3 years	1,518.3	4.410 %	3.922 %	1.9
> 3 and ≤ 5 years	574.7	4.410 %	3.469 %	4.6
> 5 and ≤ 7 years	303.1	4.410 %	3.509 %	6.8
> 7 and ≤ 10 years	233.9	4.410 %	3.893 %	10.0
> 10 years	794.9	4.410 %	3.570 %	18.2
	$ 3,424.9	4.410 %	3.718 %	6.8

End Notes

PAGE 3 - Quarterly Financials Overview
1. Economic return on book value is defined as the increase (decrease) in common book value from the beginning to the end of the given period, plus dividends declared to common stockholders in the period, divided by common book value as of the beginning of the period.
2. Includes $11.6 billion in settled positions and $3.0 billion net TBA position, which represents the bond equivalent value of the company's TBA position. Bond equivalent value is defined as notional amount multiplied by market price. TBA contracts accounted for as derivative instruments in accordance with GAAP. For additional detail on the portfolio, see slides 11 and 13, and Appendix slides 23 and 24.
3. Economic debt-to-equity is defined as total borrowings to fund Agency and non-Agency investment securities, MSR and related servicing advances and mortgage loans held-for-sale, plus the implied debt on net TBA cost basis and net payable (receivable) for unsettled RMBS, divided by total equity.

PAGE 4 - Markets Overview
1. Source: Bloomberg, as of the dates noted.
2. Source: Bloomberg, as of the dates noted.

PAGE 5 - RoundPoint Operations Update
1. Data for loans in originations pipeline as of March 31, 2025.

PAGE 6 - Book Value Summary
1. Economic return on book value is defined as the increase (decrease) in common book value from the beginning to the end of the given period, plus dividends declared to common stockholders in the period, divided by common book value as of the beginning of the period.

PAGE 7 - Comprehensive Income Summary
1. Mark-to-Market Gains and Losses represents the sum of investment securities gain and change in OCI, net swap and other derivative losses, and servicing asset losses. See Appendix slide 21 for more detail.

PAGE 8 - Financing Profile
1. Source: Bloomberg. Represents the average spread between repurchase rates and the Secured Overnight Financing Rate (SOFR) over trailing three-month and six-month periods between Q1 2021 and Q1 2025 (as of March 31, 2025).

PAGE 9 - Portfolio Composition and Risk Positioning
1. For additional detail on the portfolio, see slides 11 and 13, and Appendix slides 23 and 24.
2. Net TBA position represents the bond equivalent value of the company's TBA position. Bond equivalent value is defined as notional amount multiplied by market price. TBA contracts are accounted for as derivative instruments in accordance with GAAP.
3. Economic debt-to-equity is defined as total borrowings to fund Agency and non-Agency investment securities, MSR and related servicing advances and mortgage loans held-for-sale, plus the implied debt on net TBA cost basis and net payable (receivable) for unsettled RMBS, divided by total equity.
4. Interest rate exposure represents estimated change in common book value for theoretical parallel shift in interest rates.
5. Spread exposure represents estimated change in common book value for theoretical parallel shifts in spreads.

PAGE 10 - Agency RMBS Investment Landscape
1. Source: J.P. Morgan DataQuery. Data is model-based and represents universal mortgage-backed securities (UMBS) generic TBA spreads as of the dates noted. In 2023, J.P. Morgan updated their model affecting only 2023 data.
2. Spreads produced using prepayment speeds generated with The Yield Book® Software using internally calibrated prepayment dials. Data as of March 31, 2025. ZV Spread stands for zero volatility spread.

End Notes (continued)

PAGE 11 - Agency RMBS Portfolio

1. Specified pools include securities with implicit or explicit prepayment protection, including lower loan balances (securities collateralized by loans less than or equal to $300K of initial principal balance), higher LTVs (securities collateralized by loans with greater than or equal to 80% LTV), certain geographic concentrations, loans secured by investor-owned properties, and lower FICO scores, as well as securities without such protection, including large bank-serviced and others.
2. Represents UMBS generic TBA performance during the quarter.
3. Specified pool performance excludes (1) certain coupons in which we were not invested for the full duration of the quarter and (2) certain coupons with de minimis balances.
4. Specified pool market value by coupon as of March 31, 2025.
5. Three-month prepayment speeds of delivered TBA contracts; average of J.P. Morgan, Bank of America, and Citi data.

PAGE 12 - MSR Investment Landscape

1. Source: RiskSpan and TWO's internal estimates as of March 31, 2025.
2. Generated with The Yield Book® Software using internally calibrated dials. MSR portfolio based on the prior month-end's principal balance of the loans underlying the company's MSR, increased for current month purchases and excluding unsettled MSR on loans for which the company is the named servicer as well as MSR on loans recently settled for which transfer to the company is not yet complete.

PAGE 13 - MSR Portfolio

1. MSR portfolio based on the prior month-end's principal balance of the loans underlying the company's MSR, increased for current month purchases. Portfolio metrics, other than fair value and UPB, represent averages weighted by UPB.
2. FICO represents a mortgage industry accepted credit score of a borrower.
3. MSR portfolio based on the prior month-end's principal balance of the loans underlying the company's MSR, increased for current month purchases and excluding unsettled MSR on loans for which the company is the named servicer as well as MSR on loans recently settled for which transfer to the company is not yet complete.
4. Three-month prepayment speeds of delivered TBA contracts; average of J.P. Morgan, Bank of America, and Citi data.

PAGE 14 - Return Potential and Outlook

1. Capital allocated represents management's internal allocation. Certain financing balances and associated interest expenses are allocated between investments based on management's assessment of leverage ratios and required capital or liquidity to support the investment.
2. Market return estimates reflect static assumptions using quarter-end spreads and market data.
3. Includes Agency pools and TBA positions. TBA contracts accounted for as derivative instruments in accordance with GAAP.
4. Estimated return on invested capital reflects static return assumptions using quarter-end portfolio valuations.
5. Total expenses includes operating expenses and tax expenses within the company's taxable REIT subsidiaries.
6. Preferred equity coupon represents the 5-year yield along the forward curve to account for floating rate resets.
7. Prospective quarterly static return estimate per basic common share reflects portfolio performance expectations given current market conditions and represents the comprehensive income attributable to common stockholders (net of dividends on preferred stock).

End Notes (continued)

PAGE 17 - Effective Coupon Positioning
1. Represents UMBS TBA market prices as of March 31, 2025.
2. Specified pools include securities with implicit or explicit prepayment protection, including lower loan balances (securities collateralized by loans less than or equal to $300K of initial principal balance), higher LTVs (securities collateralized by loans with greater than or equal to 80% LTV), certain geographic concentrations, loans secured by investor-owned properties, and lower FICO scores, as well as securities without such protection, including large bank-serviced and others.
3. MSR/Agency IO represents an internally calculated exposure of a synthetic TBA position and the current coupon equivalents of our MSR, including the effect of unsettled MSR, and Agency IO RMBS.
4. Spreads generated with The Yield Book® Software using internally calibrated dials.

PAGE 18 - Risk Positioning
1. MSR/Agency IO RMBS includes the effect of unsettled MSR.
2. Other includes all other derivative assets and liabilities and borrowings. Other excludes TBAs, which are included in the Agency P&I RMBS/TBA category.
3. Bull Steepener/Bear Flattener is a shift in short-term rates that represents estimated change in common book value for theoretical non-parallel shifts in the yield curve. Analysis uses a +/- 25 basis point shift in 2-year rates while holding long-term rates constant.
4. Bull Flattener/Bear Steepener is a shift in long-term rates that represents estimated change in common book value for theoretical non-parallel shifts in the yield curve. Analysis uses a +/- 25 basis point shift in 10-year rates while holding short-term rates constant.
5. Parallel shift represents estimated change in common book value for theoretical parallel shift in interest rates.
6. Book value exposure to current coupon spread represents estimated change in common book value for theoretical parallel shifts in spreads.

PAGE 19 - Markets Overview
1. Source: Bloomberg, US MBS Index Monthly Treasury Excess Return data as of dates noted.
2. Source: Bloomberg, as of dates noted.
3. Source: J.P. Morgan DataQuery.
4. Monthly prepay speeds from National Association of Realtors via Bloomberg and RiskSpan as of March 31, 2025. MSR portfolio based on the prior month-end's principal balance of the loans underlying the company's MSR, increased for current month purchases and excluding unsettled MSR on loans for which the company is the named servicer as well as MSR on loans recently settled for which transfer to the company is not yet complete.

PAGE 20 - Financial Performance
1. Economic return on book value is defined as the increase (decrease) in common book value from the beginning to the end of the given period, plus dividends declared to common stockholders in the period, divided by the common book value as of the beginning of the period.
2. Historical dividends may not be indicative of future dividend distributions. The company ultimately distributes dividends based on its taxable income per common share, not GAAP earnings. The annualized dividend yield on the company's common stock is calculated based on the closing price of the last trading day of the relevant quarter.

End Notes (continued)

PAGE 22 - Q1-2025 Portfolio Yields and Financing Costs

1. Includes interest income, net of premium amortization/discount accretion, on Agency and non-Agency investment securities, servicing income, net of estimated amortization and servicing expenses, on MSR, and the implied asset yield portion of dollar roll income on TBAs. Amortization on MSR refers to the portion of change in fair value of MSR primarily attributed to the realization of expected cash flows (runoff) of the portfolio, which is deemed a non-GAAP measure due to the company's decision to account for MSR at fair value. TBA dollar roll income is the non-GAAP economic equivalent to holding and financing Agency RMBS using short-term repurchase agreements.
2. As reported elsewhere in the company's filings with the Securities and Exchange Commission, MSR, Agency derivatives, TBA, interest rate swap agreements and U.S. Treasury futures are reported at fair value in the company's consolidated financial statements in accordance with GAAP, and the GAAP presentation and disclosure requirements for these items do not define or include the concepts of yield or cost of financing, amortized cost, or outstanding borrowings.
3. Amortized cost on MSR for a given period equals the net present value of the remaining future cash flows (obtained by applying original prepayment assumptions to the actual unpaid principal balance at the start of the period) using a discount rate equal to the original pricing yield. Original pricing yield is the discount rate which makes the net present value of the cash flows projected at purchase equal to the purchase price. MSR amortized cost is deemed a non-GAAP measure due to the company's decision to account for MSR at fair value.
4. Represents inverse interest-only Agency RMBS which are accounted for as derivative instruments in accordance with GAAP.
5. Both the implied asset yield and implied financing benefit/cost of dollar roll income on TBAs are calculated using the average cost basis of TBAs as the denominator. TBA dollar roll income is the non-GAAP economic equivalent to holding and financing Agency RMBS using short-term repurchase agreements. TBAs are accounted for as derivative instruments in accordance with GAAP.
6. Includes interest expense and amortization of deferred debt issuance costs on borrowings under repurchase agreements (excluding those collateralized by U.S. Treasuries), revolving credit facilities, term notes payable and convertible senior notes, interest spread income/expense and amortization of upfront payments made or received upon entering into interest rate swap agreements, and the implied financing benefit/cost portion of dollar roll income on TBAs. TBA dollar roll income is the non-GAAP economic equivalent to holding and financing Agency RMBS using short-term repurchase agreements.
7. Unsecured convertible senior notes.
8. The cost of financing on interest rate swaps held to mitigate interest rate risk associated with the company's outstanding borrowings is calculated using average borrowings balance as the denominator.
9. The cost of financing on U.S. Treasury futures held to mitigate interest rate risk associated with the company's outstanding borrowings is calculated using average borrowings balance as the denominator. U.S. Treasury futures income is the economic equivalent to holding and financing a relevant cheapest-to-deliver U.S. Treasury note or bond using short-term repurchase agreements.

PAGE 23 - Agency RMBS Portfolio

1. Weighted average actual one-month CPR released at the beginning of the following month based on RMBS held as of the preceding month-end.
2. Determination of the percentage of prepay protected 30-year fixed Agency RMBS includes securities with implicit or explicit prepayment protection, including lower loan balances (securities collateralized by loans less than or equal to $300K of initial principal balance), higher LTVs (securities collateralized by loans with greater than or equal to 80% LTV), certain geographic concentrations, loans secured by investor-owned properties, and lower FICO scores.
3. Other P&I includes 15-year fixed, Hybrid ARMs, CMO and DUS pools.
4. IOs and IIOs represent market value of $24.4 million of Agency derivatives and $22.1 million of interest-only Agency RMBS. Agency derivatives are inverse interest-only Agency RMBS, which are accounted for as derivative instruments in accordance with GAAP.
5. Bond equivalent value is defined as the notional amount multiplied by market price. TBA contracts accounted for as derivative instruments in accordance with GAAP.
6. Three-month prepayment speeds of delivered TBA contracts; average of J.P. Morgan, Bank of America, and Citi data.

PAGE 24 - Mortgage Servicing Rights Portfolio

1. MSR portfolio excludes residential mortgage loans for which the company is the named servicing administrator. Portfolio metrics, other than fair value and UPB, represent averages weighted by UPB.
2. FICO represents a mortgage industry-accepted credit score of a borrower.

End Notes (continued)

PAGE 26 - Financing

1. As of March 31, 2025, outstanding borrowings had a weighted average of 4.4 months to maturity.
2. Repurchase agreements and revolving credit facilities secured by MSR and/or other assets may be over-collateralized due to operational considerations.

PAGE 27 - Futures

1. Exchange-traded derivative instruments (futures and options on futures) require the posting of an “initial margin” amount determined by the clearing exchange, which is generally intended to be set at a level sufficient to protect the exchange from the derivative instrument’s maximum estimated single-day price movement. The company also exchanges “variation margin” based upon daily changes in fair value, as measured by the exchange. The exchange of variation margin is considered a settlement of the derivative instrument, as opposed to pledged collateral. Accordingly, the receipt or payment of variation margin is accounted for as a direct reduction to the carrying value of the exchange-traded derivative asset or liability.

PAGE 28 - Interest Rate Swaps

1. The company did not hold any interest rate swaptions at March 31, 2025.
2. Includes $2.5 billion notional amount of forward starting interest rate swaps.
3. Weighted averages exclude forward starting interest rate swaps. As of March 31, 2025, forward starting interest rate swap payers had a weighted average fixed pay rate of 3.9% and weighted average maturities of 5.5 years.
4. Includes $241.6 million notional amount of forward starting interest rate swaps.
5. Weighted averages exclude forward starting interest rate swaps. As of March 31, 2025, forward starting interest rate swap receivers had a weighted average fixed receive rate of 3.8% and weighted average maturities of 9.7 years.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